

GAO Highlights

Highlights of [GAO-13-641](#), a report to the Chairman and the Secretary, American Battle Monuments Commission

Why GAO Did This Study

Created in 1923, the Commission operates and maintains 24 American military cemeteries on foreign soil; 25 federal memorials, monuments, and markers; and 8 nonfederal memorials.

In accordance with section 2103 of title 36, United States Code, GAO initiated work in July 2012 to conduct the annual audit of the Commission's financial statements for fiscal years ended September 30, 2012 and 2011. Subsequently, on December 28, 2012, the GAO Mandates Revision Act of 2012 was enacted, which repealed GAO's annual requirement to audit the Commission's financial statements. However, because the audit was in progress at the time the act was passed, GAO elected to complete it under the authority of the Comptroller General to conduct evaluations on GAO's initiative.

GAO audited the Commission's 2012 and 2011 financial statements to determine whether, in all material respects, the financial statements were fairly presented. GAO also tested the Commission's compliance with selected laws and regulations.

What GAO Recommends

GAO is not making any recommendations in this report, but will be reporting separately on the internal control matters identified during its audit and providing recommendations for corrective action.

In commenting on a draft of this report, the Commission concurred with GAO's findings and conclusions and stated that it has initiated corrective actions on the material weaknesses and significant deficiency.

View [GAO-13-641](#). For more information, contact Cheryl E. Clark at (202) 512-9377 or clarkce@gao.gov.

July 2013

FINANCIAL AUDIT

American Battle Monuments Commission's Financial Statements for Fiscal Years 2012 and 2011

What GAO Found

In GAO's opinion, the financial statements of the American Battle Monuments Commission (the Commission) as of September 30, 2012 and 2011, and for the fiscal years then ended, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. However, GAO found two material weaknesses that resulted in ineffective internal control over financial reporting. GAO also found one area of noncompliance with laws and regulations it tested.

The material weaknesses concern the Commission's financial reporting process and its monitoring process. Because of these control weaknesses, GAO found significant errors in the Commission's financial reporting that were not detected by the Commission. The Commission made the necessary adjustments and was able to prepare financial statements that were fairly stated in all material respects by fiscal year-end. However, these material weaknesses increase the risk that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. GAO also found that a previously reported significant deficiency concerning foreign payroll processing continued to exist during fiscal year 2012. These material weaknesses and the significant deficiency in internal control warrant the attention of those charged with governance of the Commission.

The area of noncompliance concerns the Commission not properly using its Foreign Currency Fluctuation Account for fluctuations in foreign currency exchange rates related to payments made in foreign currencies.

The Commission's Lorraine American Cemetery and Memorial in Lorraine, France



Source: American Battle Monuments Commission.